3/4/88 R4105-4 A

Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

March 1988

FURTHER GAINS IN CONSUMER CONFIDENCE

Consumer confidence registered a good gain in February. The Board's Index (1985 = 100) stands at 113.9, up an impressive four points for the month. Almost all of the ground lost following the stock market plunge in October has now been regained. Buying plans are also substantially stronger.

In the most recent probe, people were somewhat more positive than a month earlier in their expectations for the future, and markedly more positive in their view of the prevailing economic situation. Close to 30% of all respondents said that business conditions were "good," up from about 26.5% a month before. People were also more satisfied with the employment situation. Some 31% of respondents reported that jobs were "plentiful," up from 29.5% a month earlier.

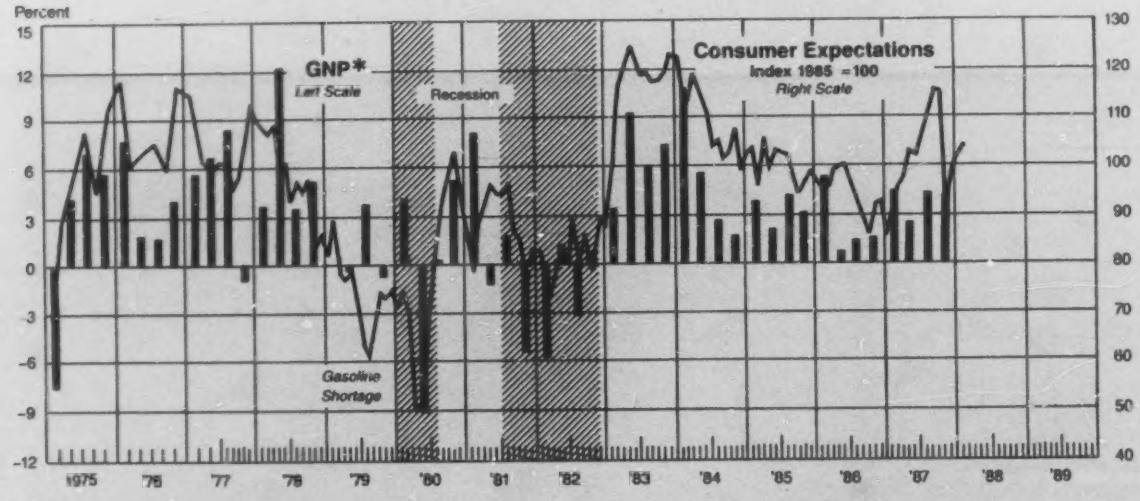
In looking six months ahead, more respondents than in the previous probe now expect business conditions to improve—19.4% compared with 18.7% earlier. However, the present reading is still a good deal lower than the figure recorded last September. Consumers are marginally more optimistic about the job outlook than a month ago, but again less positive than they were in September. Finally, in assessing their own likely fortunes, close to 29% of all respondents expect their incomes to increase, which is close to the figure recorded immediately preceding the market crash.

Buying plans are up for all the major categories included in the survey. Some 9.2% of respondents plan to buy a car over the next six months, the highest figure recorded in quite some time. Interest in major appliances is also substantially stronger. A good gain was also recorded in the number of those that plan to purchase a home. Some 25% of all respondents, as compared with only 16% in January, expect interest rates to decline.

The improvement in the consumer's spirits in recent months reflects the continued strength in the nation's economy. Unemployment continues to decline, and the number of persons in jobs is well above year-ago levels. The recent increase in exports has also contributed to an improvement in depressed sectors in manufacturing. Finally, with lower tax rates, withholdings are lower than last year, and hence paychecks are larger—a situation which apparently heartens the spirits.

Fabian Linden

Consumer Expectations and Changes in GNP



* Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.
Percentage of all households =100%

	Business									Employment		Income	
	1987											1988	
All series seasonally adjusted	*Feb.*	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.(r)*	*Feb.(p)*
Composite Series: Index Numbers, 1985=100													
Consumer Confidence Index	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7	109.9	113.9
Present Situation	91.9	94.2	92.7	99.1	107.9	106.2	115.6	120.5	124.4	115.6	119.8	121.5	128.7
Expectations	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6	102.2	104.0
Appraisal of Present Situation: Percent													
Business Conditions													
Good	24.8	24.0	23.3	25.2	28.9	26.1	28.5	29.9	30.9	26.4	24.8	26.4	29.7
Bad	26.1	26.4	24.7	24.6	22.7	22.9	20.3	19.4	19.4	20.3	18.5	18.3	18.8
Normal	49.1	49.6	52.0	50.2	48.4	51.0	51.2	50.7	49.7	53.3	56.7	55.3	51.5
Employment													
Jobs plentiful	20.8	21.9	20.5	21.9	25.1	24.6	27.0	27.8	28.5	26.8	27.0	29.5	31.0
Jobs not so plentiful	45.1	45.6	46.7	47.9	44.3	46.1	45.3	46.1	47.4	47.0	49.4	44.8	46.1
Jobs hard to get	34.1	32.5	32.8	30.2	30.6	29.3	27.7	26.1	24.1	26.2	23.6	25.7	22.9
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	19.0	18.2	18.8	20.8	18.5	19.6	22.0	24.2	23.7	18.3	19.9	18.7	19.4
Worse	10.2	9.1	7.3	7.8	9.3	7.4	7.2	7.2	8.1	12.4	9.2	8.0	8.1
Same	70.8	72.7	73.9	71.4	72.2	73.0	70.8	68.6	68.2	69.3	70.9	73.3	72.5
Employment													
More jobs	14.7	14.9	16.5	17.7	16.1	17.5	20.1	20.9	19.3	15.5	16.8	16.2	16.7
Fewer jobs	19.7	15.6	15.6	14.1	16.0	14.6	15.3	14.2	13.8	19.1	16.6	15.6	14.6
Same	65.6	69.5	67.9	68.2	67.9	67.9	64.6	64.9	66.9	65.4	66.6	68.2	68.7
Income													
Increase	24.6	24.5	23.3	24.1	23.7	26.1	26.5	29.5	28.7	28.0	28.3	26.2	28.9
Decrease	8.3	8.1	8.3	6.6	7.4	6.6	7.5	5.8	7.3	9.1	8.4	6.3	7.0
Same	67.1	67.4	68.4	69.3	68.9	67.3	66.0	64.7	64.0	62.9	63.3	67.5	64.1
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.8	7.5	7.2	9.0	7.0	7.7	7.1	8.8	8.5	8.2	8.2	7.5	9.2
New	4.0	4.0	4.3	4.2	3.3	4.8	3.6	3.8	4.2	4.3	4.5	3.7	4.5
Used	2.9	2.8	2.2	3.6	3.1	2.1	2.9	3.5	3.0	2.8	3.0	3.0	3.3
Uncertain	0.9	0.7	0.7	1.2	0.6	0.8	0.6	1.5	1.3	1.2	0.7	0.8	1.4
Home													
Yes	3.1	4.1	3.2	4.1	3.3	3.6	4.1	3.9	3.9	3.7	3.5	3.8	4.9
New	1.1	1.4	0.7	1.3	0.9	0.8	1.4	1.2	1.1	1.0	0.8	1.3	1.6
Lived in	1.3	2.0	1.7	1.8	1.5	2.1	1.8	1.8	1.7	2.0	1.7	1.7	2.1
Uncertain	0.7	0.7	0.8	1.0	0.9	0.7	0.9	0.9	1.1	0.7	1.0	0.8	1.2
Major appliances													
Total plans	29.1	29.1	27.4	36.3	29.4	29.8	30.5	32.5	32.0	31.1	28.2	29.4	34.8
Refrigerator	5.2	4.6	4.0	5.6	4.7	4.6	4.5	5.1	4.7	4.3	4.1	5.0	5.4
Washing machine	3.8	4.3	3.6	4.8	3.9	4.4	4.1	5.4	4.8	4.4	3.3	4.1	5.4
TV Set	7.7	7.1	6.5	9.2	7.4	7.8	7.2	7.5	7.5	7.9	7.5	6.7	7.3
Vacuum Cleaner	4.8	5.5	5.2	6.4	4.6	4.8	5.0	5.6	5.3	5.6	5.5	4.6	5.9
Range	2.8	2.5	3.3	3.9	2.9	3.2	3.3	2.9	3.6	3.2	2.8	3.1	3.3
Clothes dryer	3.3	3.7	3.0	4.1	3.8	3.2	3.6	3.7	4.0	3.7	3.1	3.7	4.0
Air conditioner	1.5	1.4	1.8	2.3	2.1	1.8	2.8	2.3	2.1	2.0	1.9	2.2	3.0
Carpet	7.0	8.2	6.0	10.0	7.3	7.0	6.0	8.3	6.7	6.8	7.7	8.3	8.2
Vacation Intended Within Six Months: Percent													
Vacation Intended	50.9		49.4		49.7		52.0		54.3		46.9		51.5
Destination													
U.S.	46.8		44.5		45.4		47.0		48.3		43.1		45.5
Foreign country	5.9		6.8		6.6		6.8		7.8		8.1		8.9
Means of travel													
Automobile	33.2		29.8		30.7		30.6		32.7		27.6		30.1
Airplane	18.4		19.5		20.9		21.3		20.7		18.6		19.3
Other	4.3		4.5		3.7		4.2		4.4		3.6		5.1

(p)—preliminary (r)—revised

Inflation **Interest Rates** **Stock Prices**

Not seasonally adjusted	1987 Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.(r)	Feb.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average							4.4	4.3	4.4	4.5	4.5	4.3	4.3
Interest Rates													
Higher					71.6	64.8	63.9	73.9	75.0	55.2	58.5	58.9	49.4
Same					18.3	25.4	24.0	18.4	17.2	22.8	24.1	24.9	26.0
Lower					10.1	9.8	12.1	7.7	7.8	22.0	17.4	16.2	24.6
Stock Prices													
increase					43.6	46.3	45.5	41.4	39.9	34.1	31.1	36.0	36.8
Same					34.9	36.9	33.0	31.4	31.0	27.0	28.6	31.0	33.2
Decrease					21.5	16.8	21.5	27.2	29.1	38.9	38.3	33.0	30.0

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers:1985 = 100	1987 Feb.	Mar	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.(r)	Feb.(p)	Avg. 1987	Avg. 1988	Dec., Jan. Percent Change*	Feb.
NEW ENGLAND																	
Consumer Confidence Index	154.9	152.8	137.3	150.5	155.8	156.6	152.7	158.5	160.0	141.7	148.2	153.6	153.6	151.0	151.8	0.6	
Present Situation	199.9	191.2	180.4	192.6	201.5	206.9	207.1	209.4	208.7	200.7	204.7	199.2	200.7	196.1	201.5	2.8	
Expectations	125.0	127.2	108.5	122.5	125.4	123.0	116.5	124.6	127.6	102.3	110.6	123.2	122.3	120.9	118.7	- 1.8	
MIDDLE ATLANTIC																	
Consumer Confidence Index	92.9	95.9	102.3	98.8	104.6	113.5	107.0	117.9	124.0	101.5	108.8	114.5	113.3	93.3	112.2	20.3	
Present Situation	92.3	95.9	104.5	109.4	123.4	130.5	121.5	139.9	152.2	127.5	137.3	142.4	137.5	98.0	139.1	41.8	
Expectations	93.4	95.9	100.8	91.7	92.1	102.1	97.3	103.3	105.2	84.3	89.8	95.9	97.2	90.1	94.3	4.6	
EAST NORTH CENTRAL																	
Consumer Confidence Index	77.7	85.9	79.4	86.4	83.3	87.3	91.6	102.9	103.8	88.0	87.9	97.0	97.6	72.9	94.2	29.2	
Present Situation	72.4	77.7	73.1	79.8	98.8	86.5	102.3	111.7	116.0	99.4	96.3	103.4	101.2	70.0	100.3	43.3	
Expectations	81.2	91.4	83.6	90.8	73.0	87.9	84.5	97.0	95.6	80.4	82.3	92.8	95.3	74.9	90.1	20.3	
WEST NORTH CENTRAL																	
Consumer Confidence Index	61.9	62.4	65.4	77.6	78.3	70.1	75.8	92.2	89.6	73.7	71.5	89.6	97.6	59.4	86.2	45.2	
Present Situation	51.1	38.9	40.0	54.0	72.8	55.5	59.1	91.5	94.8	77.2	74.9	77.8	84.0	45.1	78.9	74.9	
Expectations	69.0	78.1	82.4	93.3	82.0	79.9	86.9	92.7	86.1	71.4	69.3	97.5	106.8	69.0	91.2	32.2	
SOUTH ATLANTIC																	
Consumer Confidence Index	124.9	130.6	133.1	135.5	125.5	134.7	136.7	141.2	147.6	131.2	131.3	133.9	135.6	125.0	133.6	6.9	
Present Situation	140.8	154.9	157.4	154.3	147.4	156.9	162.1	158.8	176.1	168.6	164.8	161.7	161.6	142.2	162.7	14.4	
Expectations	114.3	114.4	117.0	122.9	110.9	119.8	119.8	122.9	128.6	106.2	109.1	115.4	118.3	113.6	114.2	0.6	
EAST SOUTH CENTRAL																	
Consumer Confidence Index	85.7	95.3	87.8	86.9	88.0	87.6	93.7	94.8	98.2	90.1	100.9	98.6	116.8	78.5	105.4	34.2	
Present Situation	63.8	72.8	61.8	71.8	78.0	74.5	71.6	78.0	89.3	87.3	93.9	82.0	108.3	64.9	94.7	45.9	
Expectations	100.2	110.3	105.1	96.9	94.8	96.3	108.4	106.0	104.2	92.0	105.5	109.8	122.4	87.6	112.6	28.5	
WEST SOUTH CENTRAL																	
Consumer Confidence Index	63.0	59.3	63.1	65.7	70.5	71.2	77.3	82.6	78.3	70.1	68.7	74.9	80.8	58.8	74.8	27.2	
Present Situation	10.8	16.7	9.8	13.4	23.6	19.6	26.2	28.3	26.1	28.5	27.7	26.5	31.4	15.1	28.5	88.9	
Expectations	97.8	87.7	98.7	100.6	101.9	105.7	111.4	118.8	113.1	97.8	96.0	107.2	113.7	87.9	105.6	20.2	
MOUNTAIN																	
Consumer Confidence Index	70.6	76.2	78.3	86.1	83.8	74.8	84.2	102.8	101.4	76.4	85.7	84.5	81.4	71.2	83.8	17.8	
Present Situation	39.4	49.4	44.8	55.6	58.4	49.6	60.0	82.6	93.4	67.5	76.1	54.4	66.1	50.7	65.5	29.4	
Expectations	91.4	94.1	100.6	106.4	100.7	91.6	100.3	116.3	106.8	82.4	92.1	104.5	91.5	84.9	96.0	13.1	
PACIFIC																	
Consumer Confidence Index	110.6	107.1	105.2	106.5	112.3	114.7	124.0	125.1	125.3	125.5	121.2	125.2	133.8	103.6	126.7	22.4	
Present Situation	108.5	101.0	105.5	112.9	133.2	132.2	147.1	149.0	151.4	152.1	148.2	140.0	155.4	105.1	147.9	40.7	
Expectations	112.1	111.1	105.0	102.3	98.4	103.0	108.6	109.1	107.9	107.7	103.2	115.4	119.4	102.5	112.6	9.9	

***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted index numbers: 1985 = 100	*1987*											*1988*		*3 mos. Percent, Change**
	Feb.	*Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	*Jan.(r)*	*Feb.(p)*	
TOTAL U.S.														
Consumer Confidence Index	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7	109.9	113.9	- 0.0
Present Situation	91.9	94.2	92.7	99.1	107.9	106.2	115.6	120.5	124.4	115.6	119.8	121.5	128.7	2.6
Expectations	91.8	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6	102.2	104.0	- 2.1
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	94.9	107.2	102.3	107.5	112.0	114.5	111.2	120.7	122.3	110.2	121.5	116.5	124.4	2.6
35-54	99.0	97.0	102.3	105.1	107.9	108.0	115.7	120.0	113.9	103.5	105.9	111.1	111.4	- 2.7
55 and over	79.0	82.5	85.8	93.8	87.1	93.8	102.7	102.5	107.2	86.7	95.6	99.1	104.8	1.1
Present Situation														
Under 35	93.2	108.8	94.4	99.1	115.8	111.4	116.9	126.3	130.6	123.0	130.6	126.5	139.5	4.4
35-54	105.2	98.5	100.5	100.6	115.0	108.7	121.6	128.2	123.6	114.4	118.3	122.5	126.1	0.2
55 and over	78.6	81.1	84.7	97.7	97.0	101.1	108.7	106.7	120.0	111.0	113.8	116.1	123.0	4.5
Expectations														
Under 35	95.9	106.3	107.6	113.1	109.4	116.6	107.4	117.0	116.7	101.6	115.6	109.7	114.2	1.2
35-54	95.4	96.1	103.6	108.1	103.2	107.6	111.8	114.4	107.4	96.2	97.7	103.6	101.5	- 4.8
55 and over	79.3	83.4	86.6	91.1	80.4	89.0	98.7	99.7	98.5	70.4	83.3	88.1	92.9	- 1.6
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	77.2	78.5	74.1	84.3	80.6	86.3	78.3	88.0	87.1	74.6	83.9	85.1	98.3	3.1
$15,000-24,999	87.6	87.8	90.0	99.0	98.5	92.6	100.4	106.2	113.8	97.8	103.4	106.0	117.4	2.8
$25,000 and over	102.7	108.9	114.4	115.4	117.9	123.4	130.3	131.8	128.6	114.7	120.6	122.7	125.2	- 1.8
Present Situation														
Under $15,000	67.3	58.9	57.3	66.5	76.2	79.3	74.9	77.4	82.5	74.9	77.6	74.7	81.4	- 0.5
$15,000-24,999	78.6	82.8	76.2	91.2	100.5	87.7	96.0	109.7	119.0	104.2	107.7	111.6	127.3	4.1
$25,000 and over	113.3	120.6	121.8	122.4	132.8	132.6	143.1	145.5	146.3	140.2	145.5	148.5	154.3	3.7
Expectations														
Under $15,000	83.0	90.5	85.1	96.4	83.6	91.2	80.7	95.5	90.5	74.4	88.6	91.3	91.7	4.3
$15,000-24,999	93.2	91.0	99.1	104.2	97.2	96.0	103.6	103.9	110.4	93.5	100.6	102.1	110.4	1.7
$25,000 and over	96.3	101.8	109.6	110.7	107.7	117.1	121.8	122.4	116.5	97.6	103.6	106.1	106.6	- 6.0

***Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.**

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